

INCLUDING CERTAIN SAVINGS AND LOAN ASSOCIATIONS WITHIN THE PROVISIONS OF SECTIONS 657 AND 1006, TITLE 18, UNITED STATES CODE

JUNE 26, 1956.—Committed to the Committee of the Whole House on the State of the Union and ordered to be printed

Mr. FRAZIER, from the Committee on the Judiciary, submitted the following

R E P O R T

[To accompany H. R. 10111]

The Committee on the Judiciary, to whom was referred the bill (H. R. 10111) to amend sections 657 and 1006 of title 18 of the United States Code in order to include certain savings and loan associations within its provisions, having considered the same, report favorably thereon with an amendment and recommend that the bill do pass.

The amendment is as follows:

On page 2, line 4, strike the word "Corporation." and insert in lieu thereof "Corporation,".

AMENDMENT

The amendment is designed to correct the typographical error in the bill as originally drafted.

GENERAL STATEMENT

H. R. 10111 closes a gap in existing Federal criminal law. At present, it is a Federal offense (18 U. S. C., sec. 2113) to commit the crimes of robbery or burglary upon any federally insured bank or savings and loan association, whether federally or State chartered. It is also a Federal offense (18 U. S. C., secs. 657, 1006) to commit the crimes of theft, embezzlement, misapplication of funds, or the making of false entries upon federally chartered banks or savings and loan associations and federally insured State banks. But State savings and loan associations which are federally insured are not covered as to these last crimes. The House Judiciary Committee favorably reports H. R. 10111 to cover this gap in the law. The committee

believes that Federal criminal protections should be available in these instances because the Federal Government may incur liability as a result of insurance of these financial institutions. Enactment of this legislation would facilitate speedy FBI investigation of wrongdoing and would have a significant deterrent effect.

There is added to this report the views of the Federal Home Loan Bank Board in support of this legislation.

FEDERAL HOME LOAN BANK BOARD,
April 26, 1956.

HON. EMANUEL CELLER,
*Chairman, Committee on the Judiciary,
House of Representatives, Washington 25, D. C.*

DEAR MR. CHAIRMAN: Reference is made to your letter to me dated March 28, 1956, requesting a report on H. R. 10111, a bill to amend sections 657 and 1006 of title 18 of the United States Code.

The Federal Home Loan Bank Board favors the enactment of the proposed legislation, with a technical amendment as mentioned below.

As you know, the Federal Savings and Loan Insurance Corporation insures, up to a statutory limit of \$10,000, the savings of members of the public in all Federal savings and loan associations (which are chartered, regulated, and supervised by the Federal Home Loan Bank Board) and in such State-chartered and locally chartered savings and loan associations and similar institutions as apply and are admitted to insurance.

While, under the Federal statute, insurance is mandatory for Federal savings and loan associations but is extended on an optional basis to State and locally chartered institutions, the risk underwritten by the Federal Savings and Loan Insurance Corporation is the same for State and locally chartered institutions as for Federal savings and loan associations. Each applicant for insurance, whether or not it is federally chartered, is required by statute to agree to permit and pay the cost of such examinations as in the judgment of the Insurance Corporation may from time to time be necessary for its protection and the protection of other insured institutions, and to subject itself to certain types of regulation as set forth in title IV of the National Housing Act.

Section 657 of title 18 of the United States Code provides criminal penalties for embezzlement and other specified types of defalcation by persons connected with savings and loan associations authorized or acting under the laws of the United States. It does not provide similar penalties for such misconduct in the case of persons connected with savings and loan associations chartered under State or local law and insured by the Federal Savings and Loan Insurance Corporation. Likewise, section 1006 of title 18 provides criminal penalties for the making of false entries and other specified types of fraudulent or unauthorized conduct by persons connected with savings and loan associations authorized or acting under the laws of the United States, but does not provide similar penalties with respect to persons connected with State or locally chartered institutions which are insured by said Corporation.

It is felt that for the protection of the interest of the Government in the Federal Savings and Loan Insurance Corporation and the pro-

tection of the interests of the public and of institutions insured by the Corporation the scope of sections 657 and 1006 should be extended to apply in the case of State and locally chartered institutions the accounts of which are insured by the Federal Savings and Loan Insurance Corporation, and the present bill, H. R. 10111, would accomplish this purpose. It would also have the important though incidental effect of bringing the investigation of such cases within the jurisdiction of the Federal Bureau of Investigation to the same extent that such jurisdiction now exists in the case of Federal savings and loan associations with regard to matters within the scope of these two sections.

A similar need for protection has already been recognized in the Federal bank robbery statute (28 U. S. C. 2113), which applies not only with respect to Federal savings and loan associations but also with respect to State and locally chartered savings and loan associations whose accounts are insured by the Federal Savings and Loan Insurance Corporation. The specific need for extension of sections 657 and 1006 to such associations is pointed up by the fact that in the case of a recent shortage in a State-chartered insured association, the amount of which is presently estimated at more than \$2,800,000, Federal prosecution and the use of the investigatory facilities of the Federal Bureau of Investigation were not available because of the lack of such legislation as is proposed by the present bill.

The technical amendment referred to above consists of deletion of the period within the quotation mark at page 2, line 4 of the bill and insertion of a comma in lieu of said period.

The Board has received informal advice from the Bureau of the Budget that there is no objection to the submission of this report.

Sincerely yours,

WALTER W. McALLISTER, *Chairman.*

CHANGES IN EXISTING LAW

In compliance with clause 3 of rule XIII of the House of Representatives, there is printed below in roman existing law in which no change is proposed, with matter proposed to be stricken out enclosed in black brackets, and new matter proposed to be added shown in italics:

TITLE 18, UNITED STATES CODE

§ 657. Lending, credit and insurance institutions.

Whoever, being an officer, agent or employee of or connected in any capacity with the Reconstruction Finance Corporation, Federal Deposit Insurance Corporation, Home Owners' Loan Corporation, Farm Credit Administration, Federal Housing Administration, Federal Farm Mortgage Corporation, Federal Crop Insurance Corporation, Farmers' Home Corporation, the Secretary of Agriculture acting through the Farmers' Home Administration, or any land bank, intermediate credit bank, bank for cooperatives or any lending, mortgage, insurance, credit or savings and loan corporation or association authorized or acting under the laws of the United States[.] *or any institution the accounts of which are insured by the Federal Savings and Loan Insurance Corporation,* and whoever, being a receiver of any such institution, or agent or employee of the receiver, embezzles,

abstracts, purloins or willfully misapplies any moneys, funds, credits, securities or other things of value belonging to such institution, or pledged or otherwise intrusted to its care, shall be fined not more than \$5,000 or imprisoned not more than five years, or both; but if the amount or value embezzled, abstracted, purloined or misapplied does not exceed \$100, he shall be fined not more than \$1,000 or imprisoned not more than one year, or both.

* * * * *

§ 1006. Federal credit institution entries, reports and transactions.

Whoever, being an officer, agent or employee of or connected in any capacity with the Reconstruction Finance Corporation, Federal Deposit Insurance Corporation, Home Owners' Loan Corporation, Farm Credit Administration, Federal Housing Administration, Federal Farm Mortgage Corporation, Federal Crop Insurance Corporation, Farmers' Home Corporation, the Secretary of Agriculture acting through the Farmers' Home Administration, or any land bank, intermediate credit bank, bank for cooperatives or any lending, mortgage, insurance, credit or savings and loan corporation or association authorized or acting under the laws of the United States [.] or any institution the accounts of which are insured by the Federal Savings and Loan Insurance Corporation, with intent to defraud any such institution or any other company, body politic or corporate, or any individual, or to deceive any officer, auditor, examiner or agent of any such institution or of department or agency of the United States, makes any false entry in any book, report or statement of or to any such institution, or without being duly authorized, draws any order or bill of exchange, makes any acceptance, or issues, puts forth or assigns any note, debenture, bond or other obligation, or draft bill of exchange, mortgage, judgment, or decree, or, with intent to defraud the United States or any agency thereof, or any corporation, institution, or association referred to in this section, participates or shares in or receives directly or indirectly any money, profit, property, or benefits through any transaction, loan, commission, contract, or any other act of any such corporation, institution, or association, shall be fined not more than \$10,000 or imprisoned not more than five years, or both.

